



Ministry  
of the  
Environment



**THE ONTARIO GOVERNMENT**  
**ADMINISTRATION POLICIES AND GUIDELINES**  
**WHICH APPLY**  
**TO**  
**MINISTRY OF THE ENVIRONMENT**

**Management Audit Branch**  
**December, 1983**

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## INTRODUCTION

The purpose of this book is to identify and present in a summary format, the Ontario Government Administrative Policies and Guidelines, which the Ministry of the Environment is required to comply with in the development and administration of its programs.

In the preparation of this book, we used reference material such as the Ontario Manual of Administration - Volume 1 and the Manual of the Office of the Treasury. Therefore the information in this book is limited to administration matters only and we hope it will be useful as a reference guide for program managers.

It is not intended as a substitute for the Ontario Manual of Administration and the Manual of the Office of the Treasury. These manuals should be consulted for more complete information where appropriate.

BASHIR A. MALIK  
Management Audit Branch  
December 20, 1983

HAZARDOUS CONTAMINANTS  
AND STANDARDS BRANCH  
135 ST. CLAIR AVENUE WEST  
TORONTO, ONTARIO M4V 1P5



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## SUBMISSIONS TO MANAGEMENT BOARD

Administrative Policies contained in Volume I of the Ontario Manual of Administration identify matters which must be submitted to Management Board and outline the procedures for making these submissions. Ministry of the Environment must not deviate from these policies without having obtained approval or prior approval of Management Board as appropriate in a particular situation.

The following matters must receive prior approval from the Management Board:

### Organization and Staffing

1. all Group I contracts pursuant to Section 5(1)1 of Regulation 749 under the Public Service Act, where the proposed salary of the Contractor is in excess of the minimum salary of the Program Executive 5 classification and the duration of the proposed project is to exceed 3 years;
2. Group 1(a) contracts pursuant to Section 5(1)1 of Regulation 749 under the Public Service Act, where the duration of the proposed project is to exceed 3 years;
3. all changes to Ministry's total salary and wage allocation or to the classified structure ceiling;
4. any change in the Ministry's executive position control schedule;

### Non- Statutory Grants

payment of a non-statutory grant in excess of \$1,000. where the recipient of such grant is not mentioned by name in the expenditure estimates of the Ministry.

The following items require approval of the Management Board:

Allocation and Control of Funds

- annual Estimates
- supplementary Estimates
- requests for special warrants
- requests for Management Board Orders
- requests for expenditure increases
- requests for expenditure decreases
- requests for releases from holdback
- requests for Management Board Certificates
- requests for changes in pre-commitment levels
- requests for transfer of funds among standard accounts or sub-accounts which have been designated for executive control
- donation or gift received by the Ministry that has value over \$10,000.

The following submissions must be referred to the Management Board:

Managing-by-Results

1. Estimates review - a description of the planned results and resources required to achieve those results;
2. significant changes - any significant change in results, performance measures or resources that arises from the Estimates decisions, constraints or changes in the Ministry plans during the year;
3. reporting of results achieved - a report of actual results against the planned results, noting reasons for significant variances;



#### Submissions to Cabinet

1. policy proposals and proposed legislation having financial or significant administrative implications or a bearing on the programs of another Ministry;
2. proposed agreements with the Government of Canada and municipalities having financial or significant administrative implications;
3. proposed regulations having a financial or administrative implication;
4. proposed regulations pertaining to the internal administration of the Public Service of Ontario;
5. proposed Orders-in-Council having a financial or administrative implication.

#### NON-TAX REVENUE

Ministry of the Environment must periodically review the services which it offers to the public in order to identify those for which charges may be made. The Ministry must regard every service as a candidate for charges, except where one or more of the following criteria apply:

- a) no select user group can be identified;
- b) the collection of charges would be impractical;
- c) the users cannot afford to pay; or
- d) the establishment of charges would undermine the achievement of program objectives.

#### Establishment of Rates

The Ministry must establish and record the basis upon which the level of each charge has been set.

#### User and Regulatory Charges

Charges for services should recover at least the total cost, including overhead costs, of providing

the service. The Ministry may decide to charge less than full cost when one or more of the following conditions apply:

- a) the user group cannot afford to pay;
- b) full cost recovery would undermine the achievement of program objectives; or
- c) a plan for gradual increase to full cost recovery has been established.

#### Sales and Rentals

Selling prices and rental rates should be set at fair market value as established through auction sales or by other appropriate means.

#### Review and Revision of Rates

The Ministry must attempt to maximize its revenue from non-tax sources and review the amount of revenue charges at least annually to ensure conformity with the basis of charges previously established. If necessary, the Ministry must initiate appropriate action to adjust any rates which are no longer current.

#### Limits on Rate Increases

Increases in rates must conform to any inflation restraint or similar program in effect in the Province of Ontario.

### BANKING AND FINANCE ARRANGEMENTS

The Ministry of Treasury and Economics is responsible for the development and maintenance of policies relating to banking and finance arrangements. All enquiries regarding the details on this policy should be referred to the Assistant Deputy Minister, Office of the Treasury, Ministry of Treasury and Economics.

#### Banking Arrangements

The Ministry, prior to entering into discussions with the Canadian Bankers' Association on

any matter, must obtain written approval from the Assistant Deputy Minister, Office of the Treasury.

#### Finance Arrangements

The Ministry must contact the Assistant Deputy Minister, Office of the Treasury and obtain written approval prior to negotiating or entering into any finance arrangements which could:

- a) increase the Province's direct, indirect or contingent liabilities; for example, loans, guarantees, debenture issues, mortgages, leases; or
- b) in any other way affect the finance, cash and debt management policies of the Province.

#### AGENCIES AND ROYAL COMMISSIONS

##### Ministry of the Environment - Agencies

<u>Agency Name</u>	<u>Schedule</u>	<u>Prime Function</u>
Board of Negotiation	I	R
Environmental Appeal Board	I	R
Environmental Assessment Board	I	R
Farm Pollution Advisory Committee	I	A
Ontario Waste Management Corporation	II	O
Pesticides Advisory Committee	I	A
Ontario Environmental Assessment Advisory Committee	I	A

All agencies have been allocated by Management Board to one of four schedules as indicated above. These schedules represent varying degrees of government financial support and involvement in or control of the management practices and procedures of agencies.

#### Application of Administrative Policies

According to the schedule to which an agency has been allocated the following administrative policies must apply.

Schedule I

1. Agencies in this schedule are subject to all the administrative policies established by Management Board unless specifically exempted in a memorandum of understanding.
2. All advisory and regulatory agencies in this schedule must have their administrative support services provided by the Ministry.
3. All operational agencies in this schedule must have their administrative support services provided by the Ministry. Exceptions may be allowed where it can be demonstrated that the management of administrative support services can be more effectively or efficiently carried out by the agency itself.
4. Memoranda of understanding must be prepared for all operational and regulatory agencies in this schedule. Memoranda may also be prepared for advisory agencies where the Minister considers it desirable. All memoranda are subject to the review and approval of Management Board prior to being tabled in the Legislature by the Minister.
5. Staff of agencies in this schedule must be appointed under the Public Service Act.

Schedule II

1. Agencies in this schedule are not subject to the administrative policies established by Management Board, unless the policies are specifically identified as applying to all agencies.
2. All agencies in this schedule must manage their own administrative services.
3. Memoranda of understanding must be prepared for all agencies in this schedule. The memoranda are subject to the review and approval of Management Board prior to being tabled in the Legislature by the Minister.
4. Staff are not to be appointed under the Public Service Act.

### Schedule III

1. Agencies in this schedule must be subject to an appropriate financial planning and reporting process as determined by the Ministry.
2. Agencies in this schedule are not subject to the administrative policies established by Management Board, unless the policies are specifically identified as applying to all agencies.
3. Agencies in this schedule must manage their own administrative support services.
4. Staff are not to be appointed under the Public Service Act.
5. Memoranda of understanding may be prepared to clarify relationships where the Minister considers it desirable. The memoranda are subject to the review and approval of Management Board prior to being tabled in the Legislature by the Minister.

### Schedule IV

1. Agencies in this schedule are not subject to the administrative policies established by Management Board, unless the policies are specifically identified as applying to all agencies.
2. Agencies in this schedule must manage their own administrative support services.
3. Staff are not to be appointed under the Public Service Act.
4. Memoranda of understanding may be prepared to clarify relationships when both the Minister and the governing body agree that this is necessary. The memoranda are subject to the review and approval of Management Board prior to being tabled in the Legislature by the Minister.

### Establishment of a New Agency

Prior to the establishment of a new agency, the Ministry must submit a report to Management Board which will provide sufficient information to enable the Board to make an allocation to one of the schedules.

#### Reallocation of an Agency

If changing circumstances indicate that re-allocation of an existing agency to another schedule is required, a specific submission must be made to Management Board requesting such a reallocation.

#### Elimination or Modification of an Agency

The Ministry must advise the Office of the Premier and the Management Board Secretariat of the elimination or modification of an agency.

#### Approval to Establish an Agency

In order to ensure that agencies are established in an appropriate manner, specific prior Management Board and Cabinet approvals are required.

#### Terms of Reference

Specific terms of reference must be prepared for each new or modified agency and approved by Management Board and Cabinet. The terms of reference for each advisory agency must state that all recommendations of the agency will reflect the least costly alternative to meet the required objectives.

#### Legislation, Order-in-Council or Regulation

The draft Legislation, Order-in-Council or Regulation establishing a new agency or continuing or modifying an existing agency must be approved by Management Board and Cabinet.

#### Memoranda of Understanding

All Schedule I and Schedule II operational and regulatory agencies must have a memorandum of understanding with the Minister.

#### Sunset Provision

A sunset provision is to be included in the Legislation, Order-in-Council or Regulation establishing each new advisory agency. In the case of operational or regulatory bodies a sunset provision may also be applied unless a specific Cabinet decision to the contrary is

obtained. The sunset provision must provide for the termination of the agency on a specified date within three years unless steps are taken to re-establish it.

#### Term of Appointment

Each appointment to the board of an agency, whether made by the Lieutenant Governor in Council or by the Minister, must be for no more than a three-year term with a limit of two consecutive terms unless Cabinet approval is obtained.

#### Rates of Remuneration for Appointees to Agencies

Specific prior Management Board approval is required for the rates of remuneration of all appointees to agencies who are not appointed as civil servants under the Public Service Act.

#### Basis for Establishing Rates for Part-time Appointees

The remuneration of part-time appointees must be based on the time spent, the nature of the service and the complexity of the tasks performed. The intent of the remuneration policy is to recognize an element of public service by those appointed. Therefore, rates will not necessarily provide remuneration adequate to compensate the appointees for lost income from other endeavours.

The following criteria is to be used in determining the level of remuneration:

1. when the provision of a public service is the predominant element of the appointee's tasks, payment may not be made;
2. where civil servants are appointed as part-time members of an agency, they may not receive remuneration under this policy;
3. per diem fees may only be paid for attendance at formal meetings or hearings, or when appointees are engaged in other formal agency business, such as writing decisions;

4. payment for preparation time of up to one-half day may be made in those cases where significant preparation is required to perform the function effectively;
5. travel time may not be remunerated except in the most unusual of circumstances, in which case specific prior Management Board approval is required.

#### Rates of Remuneration for Part-time Appointees

##### Category PD-1

This rate applies to those appointees whose work is not technically complex and who typically provide advice and recommendations rather than final decisions on the matters within their purview.

Members	- up to \$100 per day
Vice-Chairman	- up to \$125 per day
Chairman	- up to \$150 per day

##### Category PD-2

This rate applies to those appointees to agencies whose work meets one or more of the following criteria:

- a) work is technically complex but does not require specific professional expertise;
- b) work is of such scope as to directly influence the lives of a substantial proportion of the citizens of Ontario; or
- c) agencies have the authority to make final decisions on matters within their purview.

Members	- up to \$150 per day
Vice-Chairman	- up to \$185 per day
Chairman	- up to \$250 per day

##### Category-PA

Per annum payments may be made to part-time appointees to agencies:

- a) where per annum rates can be justified on a basis of economics;



- b) where agencies operate in a "commerical" capacity; or
- c) where appointees would be drawn from the corporate level in the private sector.

Rates of Remuneration for Full-time Appointees  
who are Civil Servants

The remuneration of appointees who are appointed as civil servants under the Public Service Act must be established in accordance with the normal procedures which apply to classified service.

Rates of Remuneration for Other Full-time Appointees

The remuneration of all full-time appointees who are not appointed as civil servants under the Public Service Act must be established making specific reference to the remuneration of equivalent positions within the public service.

Other payments which may be made to all appointees, include standard travel, meal and out-of-pocket expenses in accordance with the Ministry Policy on Travel, Meal and Hospitality Expenses.

Conflict of Interest

The chair or designate of an agency must record any declared conflict of interest on the part of a member and notify the Minister of the nature of the conflict.

Disclosure of Conflict of Interest

Any member of an agency who has a direct pecuniary interest, either personally or through the members' family, in a matter under consideration by the agency must, at the first opportunity, disclose the nature of that conflict of interest.

Abstinance from Action

Any member who has declared a conflict of interest must refrain from voting or participating in any way to influence the voting on the matter in question.

## REAL PROPERTY

### Acquisition

Ministry of Government Services is responsible and provides funding for the provision of government accommodation including capital, land acquisition for capital construction, lease, lease-purchase and alterations.

### Mandatory Central Common Services

Ministry of the Environment must direct all requests for the acquisition of real property to a mandatory central common service unit of the Ministry of Government Services.

### Real Property Inventory

The Ministry must maintain an inventory of all real property to which it holds title and this inventory must indicate the purchase price of each property and whether it was acquired by negotiated purchase or expropriation.

### Identification of Surplus Property

Ministry of the Environment is responsible for the identification of its surplus property and therefore must develop criteria to determine which unused property is surplus to its requirements. The surplus property criteria to be used in the review of unused property holdings and the frequency of this review must be approved by the Management Board.

### Responsible for Disposal

The Ministry of Government Services is responsible for the disposal of all surplus property.

### Interim Management

Surplus property awaiting disposal must be placed under interim management with the Ministry of Government Services.

#### Identification of Unused Property

The Ministry must conduct periodic reviews to ensure that its real property is being utilized efficiently and all unused property is identified. All unused property must be placed under interim management.

#### Upkeep of Accommodation

The Ministry of Government Services is responsible for the upkeep of government accommodation.

#### Provision of Accommodation

The Ministry of Government Services is responsible for the provision of all government accommodation and shall ensure the optimal overall utilization of the total inventory of government accommodation in compliance with the policies of Management Board. This responsibility includes the conducting of all negotiations and signing of all agreements for the supply of government accommodation. Ministry of the Environment must not obtain, alter or renovate government accommodation except under the specific delegation of the Ministry of Government Services.

#### Movable Assets in Accommodation Projects

The cost of providing any furniture, furnishings or equipment which does not form an integral part of a building, and which is therefore, a movable asset should not be funded through the provision of accommodation program. These costs are the responsibility of the Ministry of the Environment. The provision of accommodation program may be used to fund the cost of built-in furniture and furnishings, equipment permanently affixed to the building and furniture for common use areas.

#### Allocation of Accommodation

The Ministry of Government Services is responsible for the allocation of government accommodation.

#### Use of Accommodation

Ministry of the Environment is responsible for the economical and efficient use of the accommodation allocated to it and to ensure compliance with the Policy on Office Space Standards.

#### Review of Accommodation Holdings

Ministry of the Environment is required to conduct periodic reviews to ensure that accommodation allocated to it is being efficiently utilized and any surplus or under-utilized office space is identified.

#### Surplus Accommodation

In accordance with the procedures established, Ministry of the Environment must report and relinquish all surplus accommodation to the Ministry of Government Services for reallocation, lease termination or disposal.

#### Condition of Occupancy

The written approval of the Ministry of Government Services is required before the Ministry can occupy government accommodation, significantly change the use of its allotted accommodation, or permit a third party to occupy government accommodation.

#### Accommodation Co-ordinator

The Deputy Minister must appoint an official to act as the Ministry's accommodation co-ordinator.

PURCHASE AND MANAGEMENT OF GOODS AND SERVICES

GENERAL POLICIES

Industrial Development Review

It is a process to identify purchases which have industrial development potential in terms of:

- a) direct employment generation;
- b) replacement of imported services;
- c) stimulation of new product innovation.

Notice of the Intent to Purchase

Ministry of the Environment must advise in writing the Ministry of Industry and Trade of:

- a) any proposed individual purchase of services, supplies and equipment of \$250,000. or more;
- b) any proposed individual purchase of services, supplies and equipment of less than \$250,000. which is identified as significant in terms of its industrial development potential for:
  - . direct employment generation and/or
  - . replacement of imported services and/or
  - . stimulation of new product innovation.

Exemptions

The following services, supplies and equipment are excluded from the notice of the intent to purchase:

- a) services, supplies and equipment related to information systems;
- b) any land with/without structures;
- c) motor vehicles covered by the auto pact;
- d) electricity;
- e) all direct refinery petroleum products, natural gas, coal, purchased steam and wood used for heating;
- f) sodium chloride;
- g) purchases required to be made in an emergency situation;
- h) construction projects.

### Competitive Purchasing

All interested suppliers must be given a fair opportunity to bid on the Ministry business and successful suppliers must be selected in an equitable manner by a process of competitive purchasing.

Where possible the Ministry shall select the supplier submitting the lowest responsible bid. When the lowest responsible bid is not accepted, the reasons shall be documented and retained for audit purposes.

### Vendor Lists

The Ministry shall maintain and use lists of vendors to select those who are invited to submit bids for the provision of services, supplies and equipment when a public tender is not called. Vendor lists shall be open-ended to permit additions at any time.

### Selection Criteria

Prior to requesting bids from vendors, the Ministry must develop a selection criteria and methods for bid evaluation. In establishing selection criteria, the Ministry must determine full comparative costs of the bid including, direct, indirect, overhead costs, energy efficiency factors and total life-cycle costs.

The terms and conditions of requests for bids, shall fully and accurately reflect all criteria which will be used in selecting the successful bidder and must be made available to vendors upon request.

### Obtaining Bids

Public tenders shall be used to obtain bids unless otherwise determined by the Ministry according to its internal purchasing procedures. These procedures shall be based on the estimated value of the transaction together with any other pertinent and applicable criteria which the Ministry may establish. Where a public tender is not used, bids shall be obtained by verbal or written invitations to vendors.

#### Minimum Number of Bids

When a public tender is not held, the Ministry shall request a minimum of three bids. When minimum bids are not obtained the reasons shall be documented and retained for audit.

#### Receipt of Bids

The envelopes containing sealed, written bids, shall not be opened until the time designated for such opening.

#### Amendments to Bids

Amendments to the bids shall be accepted until the designated closing time provided that they are received in the same manner as the original; for example, sealed and written.

The Ministry will accept verbal and electronically-transmitted information only when internal procedures have been established to ensure that:

- a) vendors are aware of the circumstances in which such information will be accepted;
- b) the information is confirmed in writing;
- c) the confidentiality of the information is protected;
- d) the honesty of the Ministry's competitive purchasing process is preserved.

#### Late Bids

Bids received after the designated closing time must not be accepted.

#### Public Opening

Bids shall be opened in public. Exceptions to this procedure are permitted when the Ministry has established criteria in its internal procedures which justify private openings.

#### Use of Standard P.O. Form

When a purchase order is issued, the standard "Purchase Order" form shall be used, except where unique field office requirements make this impractical. Reasons for not using the standard form shall be documented and retained.

#### Unsuccessful Bidders

Subsequent to a contract award, if requested, the Ministry shall provide unsuccessful bidders with information on the name of the successful bidder, the bid price, and the reasons for non-selection.

#### Collective Purchasing Arrangements

Items which are common to all or several agencies, characterized by high-volume high-value relationships, adaptable to standardization, and to which the economies of bulk purchasing can be reasonably applied, are normally subject to collective purchasing arrangements. All collective purchase arrangements are itemized in the Manual of Supply.

#### Canadian Preference

The Ministry shall allow a price preference of up to 10% to be given in respect of the Canadian content of goods and services supplied by Canadian firms to compete against foreign suppliers.

#### Price Escalation on Ministry Contracts

The Ministry shall not include terms permitting price escalation in bid documents or in contracts. In particular, contracts shall not provide compensation to vendors for increases in taxes. Contracts shall not be reopened to take into account increased costs where the other terms and conditions of supply remain unchanged. Failure of suppliers to meet the terms of contracts shall be dealt with by means other than the renegotiation of prices.

#### Exemptions

The following exemptions are allowed under price escalation policy:



1. Contracts for food items.
2. Real property leases with respect to property taxes and operating expenses.
3. The labour content of multi-year contracts for the maintenance of chillers, elevators, escalators, environmental systems, fire alarms and intrusion alarms in buildings.
4. Contracts involving the purchase of petroleum products.
5. Contractual payments for maintenance or repair services for equipment and computer software.

All cases of price escalation allowed under these exemptions shall be documented by the Ministry and the records retained for audit purposes.

#### Interim Price Escalation

Where the interruption of a continuous supply of goods and services will have a significant detrimental effect on program delivery, an interim price may be negotiated to cover the time it takes to cancel and retender the contract. All cases of and reasons for negotiated increased interim prices shall be documented, authorized by a senior Ministry official and the records retained for audit purposes.

Interim price escalation shall not be used in the acquisition/construction of physical assets.

#### Movable Assets

The Ministry is required to establish a movable assets control system to provide for the control, security, loan and disposal of movable assets in accordance with the Ontario Government Policy on Movable Assets.

#### Unique Labelling

A unique permanent number must be affixed to each movable asset which has an estimated life of one year or longer and a unit cost of \$200. or more.

### Establishment of Perpetual Records

Perpetual records for all movable assets must be established and maintained in a manner suitable for audit purposes and must contain at least the following information:

1. number;
2. description;
3. unit cost;
4. year of purchase;
5. whether the item was not labelled for reasons of function or size;
6. the name of the organization unit or position held responsible for the security of the asset; and
7. disposal record; for example, sold, destroyed, transferred, etc.

### Security

The following procedures must be followed to ensure adequate security:

#### a) Delegation of Responsibility

Responsibility for the security of each movable asset is to be delegated to appropriate areas within the Ministry and each employee informed of the nature of his/her responsibility.

#### b) Physical Check

Physical check for the presence of all movable assets recorded in perpetual records is to be conducted at least once every 48 months. All attractive items should be checked once every 12 months.

#### c) Stocktaking records are to be certified by a representative designated by the Deputy Minister.

### Disposal of Surplus Assets

The Ministry is required to establish written procedures for the disposal of surplus assets which must comply with the policies on Motor Vehicles, Office Furniture and Furnishings, and Typewriters. Surplus assets may be disposed of by transfer to another ministry, sale, trade-in or destruction, as appropriate, but are not to be sold to any public servant either directly or with the assistance of a third party.

Procedures for the sale of movable assets are to be equitable and objective; for example, through a public tender or auction. If the movable asset is of a class for which the Management Board has named one ministry as the sole purchasing agent and more than \$500. can be realized from its sale, the designated purchasing agent must certify that:

1. the sale price is reasonable;
2. there is no known requirement elsewhere within the Government.

Proceeds from the sale of surplus assets is to be deposited in the Consolidated Revenue Fund.

### PURCHASE AND MANAGEMENT OF SPECIFIED GOODS

#### Purchase of Motor Vehicles

The Ministry of Transportation and Communications is the only ministry responsible for the purchase and disposal of all motor vehicles. All requests for new motor vehicles to be acquired by lease-purchase or rental-purchase agreements must be forwarded to the Ministry of Transportation and Communications for tendering and evaluation.

Used vehicles are not to be purchased without prior approval of the Management Board.

#### Evaluation of Transportation Options

The Ministry is required to establish and maintain records of the cost and related information pertaining to the use, operation and maintenance of all ministry-owned passenger vehicles. Periodically, the data must be reviewed to ensure optimum use is being made of all passenger vehicles and determine whether ownership is still economically advantageous compared to other transportation options.

### Motor Vehicle Operation

The Ministry must ensure that all vehicles under its ownership are operated in a safe, efficient, and economical manner, and in compliance with the law.

### Purchase of Gasoline

Whenever practical, gasoline for all the Ministry vehicles is to be purchased from Government-operated pumps. Information on the location and procedures for using Government-operated pumps is published by the Ministry of Government Services in its Manual of Supply.

When purchased from commercial outlets, government gasoline credit cards should be used.

### Private Use

The Ministry vehicles are only to be used in connection with the Ministry business. Private use of these vehicles is not permitted. The use of executive cars is governed by the policy on the Entitlement and Use of Executive Cars issued by the Civil Service Commission.

### Replacement Criteria

All passenger cars should be operated for three years or 110,000 km whichever comes first, and normally should not be replaced before they have been operated for 65,000 km.

### Motor Vehicle Disposal

The Ministry of Transportation and Communications is responsible for the disposal of all used motor vehicles by public auction.

### Gasoline Credit Cards

The Ministry is required to establish proper control procedures for gasoline credit cards including:

1. a maximum allowable limit for the value of a single purchase which may be made without prior authorization;

2. a mechanism to ensure that gasoline purchased for a vehicle is consistent with the distance the vehicle was driven.

#### Acquisition and Disposal of Office Furniture and Furnishings

The Ministry of Government Services is responsible for the acquisition and disposal of all office furniture, furnishings and equipment.

#### Acquisition

The Ministry is to ensure that the following conditions are met when acquiring office furniture, furnishings and equipment:

1. items do not exceed individual entitlement;
2. the Ministry has neither surplus items similar to those being acquired nor items which the Ministry can economically reassign from individuals who have items in excess of their entitlement; and
3. in the case of executive furniture, the points representing the total inventory of such furniture, as calculated according to the entitlement system, do not exceed the Ministry's points entitlement by more than 5 per cent or 15 points, whichever is greater.

#### Executive Furniture

Executive furniture is only to be acquired for the following:

1. offices of individuals whose positions have been assigned to Categories 1, 1A, 2, 2A, 3 or 4 in the policy on Office Space Standards;
2. boardrooms used primarily for meetings of the Minister and Deputy Minister;
3. any reception area which, in the opinion of the Ministry of Government Services, forms an integral part of the suite of the Minister or the Deputy Minister; and

4. any other area not allocated to a specific individual where, in the opinion of the Ministry of Government Services, the use of executive furniture can be justified on the basis of functional need and the economic utilization of resources.

#### Declaration of Surplus Items

All surplus items must be identified and promptly reported to the Ministry of Government Services.

#### Obtaining Items from Surplus Inventory

Prior to ordering any items of furniture, furnishings and equipment from a supplier or from the Ministry of Government Services, the Ministry must contact the Assets Disposal Section of the Ministry of Government Services to determine the availability of the required items in the surplus inventory.

#### Acquisition and Use of Copiers

Before acquiring additional copiers or replacing existing ones, the Ministry is required to conduct a feasibility study to ensure:

1. that existing equipment is being used to full advantage; and
2. that the available alternatives have been evaluated.

A copy of the feasibility study showing the justification for copier acquisition must be retained on file.

#### Monitoring Utilization

The Ministry is required to maintain individual copier utilization records and compare the actual utilization of all Ministry copiers with the recommended standards to ensure that they are being used in the most cost effective manner.

If the utilization of a particular copier falls consistently short of the standard for that model, the Ministry should consider its replacement with a less expensive model or one with a lower-rated capacity.

### Acquisition and Disposal of Typewriters

Before acquiring additional typewriters or replacing existing machines, the Ministry is required to conduct a feasibility study to ensure:

1. that existing typewriters are being used to full advantage; and
2. that the available alternatives have been evaluated.

Purchasing officers should make use of the technical expertise available from the Collective Purchasing Section of the Ministry of Government Services.

### Disposal

As a general rule, used typewriters should be traded in and the trade-in allowance applied against the purchase price of the replacement machines.

## PURCHASE AND MANAGEMENT OF SPECIFIED SERVICES

### Data Processing Equipment and Services

Category 1 - application areas which have a high probability of being:

- . technically, economically and operationally feasible, leased on previous implementations
- . more feasible than other technological alternatives
- . feasible in this specific application provided that sufficient workload volume exists to justify the investment to change the existing arrangement
- . unlikely to constrain or inhibit future planning and implementation options for data communication networks

Category 2 - application areas which cannot be adequately prejudged and hence require a detailed feasibility study for each specific proposed system.

Category 3 - application areas which have a high probability of not being able to satisfy one or more of the above criteria.

### Organization

The Ministry may retain only the following positions for data processing:

- . data entry personnel
- . data control personnel
- . terminal equipment personnel
- . tabulating equipment personnel
- . personnel to operate mini-computers used for Category 1 Application Areas

The Ministry may purchase, lease or own and operate the following E.D.P. equipment:

- . mini-computers used for Category 1 Application Areas
- . non-intelligent data entry equipment used for the purposes of data entry and verification
- . non-intelligent terminal equipment for the purposes of data input or data output
- . tabulating equipment

### Equipment

All equipment procurements are to be justified by a feasibility study. The feasibility study should clearly establish the need for the equipment including an analysis of cost and benefits.

The cost and benefits of the following three alternatives are also to be fully evaluated where applicable:

- . the present manual or automated system
- . an improved manual or automated system
- . using a computer service bureau



### Initial Capital Costs

The following costs are to be included on a full costing basis:

- . hardware specification, procurement and purchase
- . software specification, procurement and purchase
- . systems development or program products
- . operating and systems staff training
- . site preparation, conversion and implementation

### On-going Operating Costs

- . hardware and software rental
- . systems maintenance
- . systems upgrade and conversion
- . systems backup and recovery
- . staffing, recruitment and training
- . overhead items
- . operations and supervision

### Equipment Approval

Specific Management Board approval is required prior to inviting tenders involving:

- . tabulating equipment
- . mini-computers for Category 3 Application Areas
- . mini-computers for Category 2 Application Areas where the total facility purchase cost is over \$50,000.
- . mini-computers for Category 1 Application Areas where the total facility purchase cost is over \$200,000.

- . application migration from a Category 1 to a Category 2 Application Area where the total facility price of both the old and new equipment and software is over \$50,000.
- . any application migration from Category 1 or 2 to a Category 3 Application Area
- . a system upgrade where the cumulative sum of all equipment and software added to the system since last receiving Management Board approval is:
  - . over \$200,000. for Category 1
  - . over \$50,000. for Category 2
  - . over \$10,000 for Category 3

The Ministry is required to develop a three year data processing plan as part of the annual estimates process.

#### Equipment Tendering

The Ministry shall invite tenders from at least three qualified bidders for all equipment.

Purchasing Policies of the Ministry are to describe any exclusions to the three quotation requirement such as petty cash or small value transactions.

For all rented or leased data processing equipment, the Ministry is required to invite tenders at intervals of no longer than 48 months.

Specific Management Board approval of the tender evaluation and contract is required prior to awarding the contract to the supplier when the estimated total facility purchase cost is over \$200,000.

#### Services

All data processing services must be justified by a feasibility study.

#### Service Approval

Specific Management Board approval is required prior to awarding a contract to a supplier for data processing services when the estimated one-time or annual costs are over \$100,000.

### Service Tendering

The Ministry is required to place its data processing service work with suppliers on the basis of competitive tenders unless:

1. the estimated annual cost for the service required is less than \$15,000; and
2. an analysis of competitive service demonstrates that a competitive tender would not produce sufficient benefits over the probable life of the service agreement.

Specific Management Board approval of the tender evaluation and the contract or service agreement is required prior to executing the agreement if the estimated one-time or annual cost of the contract is over \$100,000.

## PURCHASE AND MANAGEMENT OF PROFESSIONAL SERVICES

### Management Consulting Services

Professional services provided, on the basis of a defined project by individuals or organizations, to investigate and identify management problems related to the policy, organizational, operational and administrative aspects of government, to recommend solutions to these problems, and to assist in implementing these solutions.

### Organization

The Ministry shall not retain internal resources to provide management consulting services which could be supplied equally well from external sources.

### Project Feasibility

Prior to retaining the management consultants, the Ministry is required to establish project feasibility and ensure:

- . the problem is clearly understood and documented

- . the consultants' output can be measured against defined objectives
- . the scope and terms of reference for the project are clearly understood and documented
- . skilled resources are not available for this project within the Ministry

#### Project Funding

Funds for the project must be available in the approved appropriation for the program being served by the project.

#### Project Approval

Specific Management Board approval is required prior to initiating the project when:

- . the estimated total cost of the project is over \$100,000.
- . the estimated total cost of the project is over \$10,000. and the project involves a financial information system or an organization study

#### Project Tendering

All projects involving management consultants are to be tendered unless the estimated total cost is under \$15,000., including fees and expenses.

Specific Management Board approval of the tender evaluation and contract is required prior to awarding the contract when the estimated total cost of the project is over \$100,000.

#### Project Management

The Ministry is to co-ordinate, monitor and control the combined effort of internal and external resources to ensure satisfactory completion of the project on schedule and within budget.

#### Records

The Ministry must retain on file for a minimum of three years all project documentation for possible audit such as:

- . project feasibility study
- . Management Board Reports and exemptions from tendering
- . request for letters of qualification
- . letters of qualification
- . request for proposals
- . proposals
- . evaluation of proposals
- . contracts or letters of agreement
- . interim and final reports

#### Technical Consulting Services

Services requiring the application of mandatory or essential technical skills provided on a fee basis by accredited professionals in connection with a defined assignment.

#### Organization

The Ministry shall not retain internal technical skills for work that could be equally well provided from external sources on a competitive full-cost basis.

#### Defining the Assignment

Before selecting a supplier, the Ministry must ensure that:

- . the requirements of the assignment are documented and clearly understood
- . the suppliers' output can be measured against defined objectives

#### Project Funding

Funds for the project must be available in the approved appropriation for the program being served by the assignment.

### Supplier Selection

The Ministry must ensure that every qualified supplier is afforded a fair opportunity to be considered for each assignment, and to achieve this, will establish an objective and defensible criteria for use in the selection of suppliers.

### Approval

The Deputy Minister shall monitor and approve the selection of all suppliers of technical consulting services.

The Ministry is expected to establish internal written procedures for approval of selections by both competitive or non-competitive means. However, prior written approval of the Deputy Minister is required when:

- . contract cost is estimated to exceed \$100,000.
- . non-competitive procedures are used in lieu of competitive procedures for reasons of urgency

### Supplier Lists

The Ministry shall maintain a list of qualified suppliers if there is a significant need for outside technical services.

### Relationships with Suppliers

In order to avoid a situation where suppliers judgment might appear to be compromised, the Ministry must:

- . define assignments to avoid conflicts of interest
- . not permit a supplier to gain a monopoly for a particular kind of work
- . not allow a supplier to develop a privileged relationship with the Ministry as a result of an indefinitely continuing assignment. Specific assignments shall not exceed three years without Management Board approval

### Selection Procedures

For assignments costing \$15,000. or more, including fees and expenses, the Ministry is required to follow the procedures outlined below:

The competitive selection procedures must be used if:

- . the assignment is complex
- . the fees for the required technical services vary among suppliers.

The non-competitive selection procedures must be used if:

- . the assignment is regular
- . the fees for the required technical services do not vary significantly among suppliers
- . in the opinion of the Deputy Minister, the competitive selection procedures would result in unacceptable delays in program delivery.

Exemption from the competitive selection procedures for the reason of urgency shall require the prior written approval of the Deputy Minister for each assignment.

### Competitive Selection Procedures

The Ministry shall:

- . identify suitable suppliers either from an appropriate supplier list, and/or by advertising a broad definition of the assignment to obtain letters of qualification
- . solicit detailed proposals from at least three qualified suppliers

These proposals should contain:

- . an outline of work to be done
- . names, qualifications and experience of staff to be assigned
- . a timetable, including reports

- . per diem rates by person and an estimated total cost, including a ceiling price if possible

#### Non-competitive Selection Procedures

A "Selection Committee", or individual, authorized by the Deputy Minister shall nominate at least three qualified suppliers for each assignment using the supplier list; rank these suppliers by using the selection criteria and forward the resulting nominations with recommendations to the Deputy Minister, for consideration in the final selection of a supplier.

The Deputy Minister, or delegate, shall select a supplier with a view to achieving an equitable distribution of Ministry assignments among qualified suppliers.

For this purpose, the Ministry must maintain records of all contracts awarded to each supplier of technical consulting services over the previous three years.

The Selection Committee shall then negotiate an agreement with the selected supplier based on the definition of the assignment, and, if unable to reach agreement, approach an alternate supplier, with the approval of the Deputy Minister.

#### Agreements

The Ministry must ensure that every assignment is governed by a written agreement between the Ministry and the supplier.

#### Performance Evaluation

Upon completion of each assignment, the Ministry shall prepare a confidential, written evaluation of the suppliers' performance.

#### Documentation

The Ministry shall retain all documentation of each technical consulting assignment for a minimum of three years.



### Systems Development Services

All services associated with development and maintenance of systems including project management and systems analysis, design, programming, testing, and implementation.

### Organization

The Ministry may retain systems development positions for:

- . systems co-ordination
- . systems planning
- . project management
- . systems design and analysis
- . programming
- . client liaison
- . records management

### Project Justification

All systems development projects must be justified by a feasibility study.

### Project Funding

Funds for the systems development project must be available in the approved appropriation for the program being served by the project.

### Project Approval

Specific Management Board approval must be obtained prior to initiating the project when:

- . the estimated total cost of the project is over \$100,000.
- . the estimated total cost of the project is over \$10,000. and the project involves a computer terminal, mini-computer or a financial information system

### Project Tendering

All projects involving systems development services must be tendered unless the estimated total cost is under \$15,000., including fees and expenses.

Specific Management Board approval of the tender evaluation and contract is required prior to awarding the contract to the supplier when the estimated total cost of the project is over \$100,000.

### Project Management

The Ministry must co-ordinate, monitor and control the combined effort of internal and external resources to ensure satisfactory completion of the project on schedule and within budget.

### Project Specification

In order to ensure that a supplier does not enjoy an unfair competitive advantage, the Ministry must:

- . define the project to avoid any conflicts of interest
- . not permit a supplier to gain a monopoly for a particular kind of work
- . not allow a supplier to develop a privileged relationship

### Tendering

The Ministry shall invite at least three and normally no more than six suitable suppliers to submit proposals.

The final selection of a supplier must be based on the understanding of the objectives, the quality of the proposed approach and the cost of service.

#### Formal Contract

The Ministry shall prepare a formal contract or letter of agreement setting out:

- . mutual responsibilities
- . progress reporting requirements
- . acceptance criteria
- . payment methods
- . provision for the payment of project expenses
- . a holdback payment of 10% of the contract value until the Ministry is satisfied that the supplier has successfully completed the project

#### Creative Communications Services

Includes all advertising, promotion, public relations and creative communications research.

#### Supplier Qualification

Any supplier who has indicated his interest in writing for a specific creative communications assignment, shall be invited by the Ministry to submit an Agency Questionnaire. Based on Agency Questionnaires, the Ministry will invite at least three suitable suppliers to a capability presentation.

#### Acquisition

The acquisition of creative communications services, either through an Agency Agreement or for a specific project over \$15,000., is based on competitive selection procedures. Supplier's capability presentations are reviewed and evaluated using pre-determined selection criteria.

#### Agency of Record Co-ordination

All purchases of space and time in the domestic media, with the exception of personnel advertising, are routed through the Agency of Record.

### Approvals

Management Board approval of the evaluation process and recommended supplier is required prior to awarding a contract when an Agency Agreement or project is over \$500,000.

### Contract

The Ministry shall enter into a written agreement with the selected supplier which shall not exceed three years.

### Records Retention

Supplier evaluation and selection documentation must be retained for a period of one year after a contract is terminated.

### Legal Services

The Legal Services Branch, Ministry of the Attorney General, is the sole agency responsible for providing legal services throughout the government.

All requests for legal services must be submitted to the Executive Co-ordinator, Legal Services Branch, Ministry of the Attorney General, who will determine whether such services should be supplied by government legal officers seconded to Ministry of the Environment, by the Crown Law Office or by a private sector lawyer.

### Research and Development Services

Research and development is defined as investigative study of which the objective is an increase in the available store of knowledge and/or information on a particular subject.

For projects with estimated total costs equal to or exceeding \$100,000., Management Board approval is required.

For assignments costing \$15,000. or greater, competitive proposals are required. In the case of multi-year studies and projects which may develop concurrent studies, the total anticipated lifetime cost of the project should be used to determine the requirements for tendering and/or Management Board approval.

## INFORMATION SYSTEMS TECHNOLOGY - GENERAL POLICIES

### Feasibility Study

A feasibility study shall be carried out on all proposed changes in existing "on-going" systems.

The feasibility study shall be reviewed and approved by management; such approval being authorized at rising levels of authority, according to a schedule of estimated development and operating costs suited to the size and scope of the Ministry operations. This schedule shall be determined by the Deputy Minister. Work must not proceed before such authorization is given.

### Systems Development Standard Practices

In the design of systems, the following procedure must be observed:

1. A written presentation describing the concept of the system, the general information flow and the process of storing and retrieving data shall be prepared.
2. The presentation shall be approved by the director of the user branch.
3. A detail systems flow chart and description providing the detail information flow, functions to be performed, file layouts, input layouts, output layouts, all forms and control procedures shall be documented.
4. The detail of input and output layouts shall be approved by the director of the user branch.
5. In the case of systems with financial implications, the responsible financial officer of the Ministry also shall approve such layouts.

All computer programs must be written in a high level, relatively machine-independent language.

### Implementation of Systems

All programs and systems must be tested. Four levels of testing are required:

- a) Computer Program Testing - to ensure that the logic of each program is correct.
- b) Systems Testing - to ensure that all programs are working together to perform the logic of the system.
- c) User Testing - to ensure that all requirements as specified by the user have been met.
- d) Volume Testing - to ensure that the system can handle the operating volume and to discover any errors or omissions previously undiscovered.

The director of the user branch or the executive director of the user division shall approve the results of the tests. The system shall be documented.

### Maintenance of Systems

Within six months after implementation and at intervals thereafter not exceeding one year, the user must initiate a documented review on the system:

- a) to ensure that the controls designed into the system, both financial and general, are operating properly;
- b) to ensure that the system is meeting the design objectives; and
- c) to identify and rectify any apparent weaknesses within the system.

### Security of Systems

1. Primary responsibility for the security of master files and data shall rest with the user.
2. All programs shall have up-to-date duplicates, and master files shall have backup data in a form so that up-to-date master files may be easily and quickly recreated.

3. One complete set of up-to-date source programs and backup data shall be stored off-site in a secure and restricted area under Ministry control.
4. Procedures shall be developed for the transfer and storage of data for each system dealing with confidential data.
5. Data processing centre shall develop procedures dealing with security of the facilities of the data centre.

The following documentation shall be retained and made available to the Management Audit Branch on request:

- Feasibility Report and written approvals.
- General Systems Documentation and written approvals.
- Detailed System Documentation and written approvals.
- Tests and written approvals.
- Approval for implementation.
- Systems maintenance records with written approvals.

#### EMPLOYEE'S EXPENSES

An employee who is on travel status or who is required to provide hospitality on behalf of the Ministry shall be reimbursed for any out-of-pocket expenses which are necessarily incurred in the performance of these duties, provided that, in the opinion of the Deputy Minister, the amounts claimed for reimbursement are reasonable under the circumstances.

#### Transportation

Employees on travel status shall use the most practical and economical means of transportation as determined by the Deputy Minister.

### Trip Origin and Destination

Normally transportation expenses shall be calculated as though the trip started from and ended at the employee's headquarters. However, when the origin and destination of a trip is other than the employee's headquarters, the resulting transportation expenses may be reimbursed, provided that the cost does not exceed that of a trip whose origin and destination has been the employee's headquarters.

### Local Public Transport

Whenever practical, local public transport should be used.

### Taxis

The cost of travel by taxi may be reimbursed when other, more economical forms of transport are not available or when weather conditions, physical disability, the transport of luggage or parcels or other circumstances so warrant.

### Railway

Reimbursement of expenses for rail travel shall not exceed the cost of a club car chair for short trips or a roomette for overnight trips.

### Commercial Aircraft

Normally, employees shall travel economy class when flying in a commercial aircraft.

### Personal Vehicles

Employees may be permitted to drive personal vehicles on the Ministry business and be paid compensation according to the rates established by Management Board. No reimbursement shall be made for the use of a personal vehicle if a Ministry vehicle can be used. If more than one employee can reasonably be expected to travel together, compensation shall only be allowed for the use of one car.



### Traffic Violations

Under no circumstances shall an employee be reimbursed for penalties levied in respect of traffic or parking violations.

### Accommodation

Employees on travel status may be reimbursed for the expenses actually incurred for overnight accommodation, provided that the standard of accommodation is considered reasonable by the Deputy Minister.

### Meals

Meal costs may be reimbursed when, during a normal meal period, the employee is on travel status and outside the headquarters area. Meal costs for employees attending seminars and conferences may be reimbursed when the meals form an integral part of the agenda of the seminar or conference.

### Overtime Meals

Cost of a meal may be reimbursed for employees who are required to work more than two hours continuous overtime, in the following cases:

- a) when the employee is not entitled to compensation either by way of overtime pay or time off in lieu thereof; or
- b) when an employee who is entitled to compensation either by way of overtime pay or leave in lieu thereof has not been given reasonable prior notice of the need to work overtime.

### Hospitality

Hospitality may be extended when necessary or desirable as a matter of courtesy or to facilitate the conduct of Ministry business.

Hospitality may be extended to employees only if, in the opinion of the Deputy Minister, their participation in any of the following events is necessary:

- a) business discussions with persons who are not themselves employees;
- b) inter-governmental conferences where the employee is representing the Ministry;
- c) official ceremonies as designated by the Deputy Minister;
- d) interviews conducted in relation to recruitment at senior levels.

A claim for expenses must be signed by the employee and authorized by a more senior official who does not, in any way, personally benefit from the expenditures for which the claim is made.

#### Ministry Credit Cards

The Ministry credit cards shall be issued to employees only when, in the opinion of the Deputy Minister, the use of such cards is required for the efficient operation of the Ministry.

The Ministry must establish formal procedures to control the use of credit cards and other devices which will enable employees to charge expenses directly to the Ministry. The procedures must safeguard against the misuse of the card and must comply with the policy and procedures on the payment of accounts issued by the Ministry of Treasury and Economics.

### FINANCE POLICIES

The Executive Director of Finance and Administration of the Ministry has a significant contribution to make in the efficient handling of public monies and the revenue stream resulting from those monies, by ensuring that the timing of all aspects of the payment of expenditures follows the established arrangements.

#### Timing of Payments of Expenditure

The Ministry is responsible to ensure compliance with the following timing arrangements in order to enable Treasury to maximize investment income while making funds available at the appropriate time:

#### Trade Payables

All suppliers' accounts must be generally paid within thirty days after receipt of a valid invoice. Suppliers are entitled to bill the Ministry for interest charges on overdue balances.

#### Emergency Payments

In emergency situations, the Ministry must immediately seek prior approval of any alteration in the normally scheduled payment release dates from the Office of the Treasury. Approval may be obtained from the Director of Financial Information and Accounting Policy Branch.

#### Major Spending Programs

Payment schedules are not to be accelerated because of the consequent adverse effect on public debt interest costs and budget performance.

#### Relations with The Canadian Bankers' Association

The Ministry, when proposing to enter into discussions with The Canadian Bankers' Association on any matter, is required to obtain prior approval of the Assistant Deputy Minister, Office of the Treasury.

#### Financing/Debt Arrangements

Prior to negotiating or entering into any financing arrangement or other action which could increase the Province's direct, indirect, or contingent liabilities, or in any way affect the finance, cash or debt management policies and practices of the Province, the Ministry is to obtain the approval of the Assistant Deputy Minister, Office of the Treasury.

## FINANCIAL ADMINISTRATION POLICIES

The Deputy Minister is responsible for satisfying the Ministry requirements and the requirements of the Legislature, Management Board of Cabinet and the Treasurer of Ontario as expressed in statutes, regulations and other directives for financial visibility, control and accountability through the establishment, maintenance and operation of a system of financial administration.

### Management of the Financial Functions

1. The Deputy Minister shall designate a Senior Executive to be responsible for the financial administration of the Ministry.
2. This Senior Executive shall give functional direction to the program managers to ensure that administrative financial responsibilities are being properly exercised; and
  - a) direct the design of the financial administration system, communicate the system throughout the Ministry and maintain it;
  - b) exercise his official responsibilities with a high degree of professional integrity.

### Appropriation Control

1. Control accounts for each appropriation and each executive control prescribed by Management Board shall be maintained on behalf of the Deputy Minister by a financial officer with payment authority; so that, expenditures in relation to these limits can be determined at any time.
2. Where payment authority is delegated to officers in decentralized locations, appropriations shall be divided into allotments for each such officer and control accounts shall be maintained for each allotment.

3. Calendarized cash forecasts based on approved estimates of expenditures and revenues at designated levels shall be prepared at the beginning of each fiscal year and forwarded to the Ministry of Treasury and Economics for the Central Financial Information System.

#### Financial Reporting

The senior financial management is responsible for the design, preparation, evaluation and improvement of the financial reports produced and used within the Ministry.

#### Accounting and Control of Expenditures

1. Financial signing authorities shall be delegated, communicated and updated by the Deputy Minister in a manner and form which provide that controls on the spending of public money are adequately enforced through an appropriate division of responsibilities.
2. Spending authority and payment authority shall not be exercised by the same person for a particular payment.
3. Payment authority shall be exercised only when fully certified supporting evidence has been provided by a person delegated as an appropriate spending authority.
4. No person shall be permitted to exercise the authorities given to a position on an acting basis unless properly designated in writing by an officer to whom the incumbent of the position reports.
5. No person shall exercise either payment or spending authority with respect to a payment from which he can personally benefit.
6. All financial and financially related systems of the Ministry shall be integrated with each other and with the central accounting system of the Treasury to avoid duplication of accounting effort and to ensure the completeness and consistency of all data reported.

7. Ministry accounting systems shall have adequate accounting controls to ensure the completeness, accuracy and authority of all information provided by such systems.

Accounting and Control of Revenue and Accounts Receivable

1. Adequate controls shall be incorporated into the relevant operational and financial systems to ensure that:
  - . accounts receivable claims are issued wherever cash is not collected prior to the provision of goods or services
  - . claims are entered promptly in the Ministry records
  - . prompt and vigorous action is taken to collect all claims
  - . claims are not removed from Ministry records until satisfied by payment or a properly authorized deletion action
2. All monies received shall be properly safeguarded, accounted for and promptly deposited.

Budgets and Estimates

1. The Ministry shall ensure that its internal budgetary procedures, in support of estimates requirements are adequate.
2. Finance Branch staff shall be included, as necessary, in the budgetary procedures.

Financial and Compliance Audit

1. The Ministry shall conduct internal financial and compliance audits which include:
  - . reviewing and appraising the effectiveness and efficiency of financial administration systems
  - . ensuring the extent of compliance of systems and procedures with financial policies, regulations and other instructions of the Legislature, Management Board and the Treasurer
  - . preparing timely and constructive audit reports for consideration and action by management
  - . ensuring that the necessary follow-up actions are taken to correct the weaknesses in control or other deficiencies reported
  - . communicating with Treasury on policy matters, as necessary, to clarify particular requirements or to point out areas of policy which appear to be out-dated
2. Internal audits shall be system, rather than transaction based in nature, and shall test the system of financial administration annually, covering each responsibility centre at least once every four years.
3. Overall internal audit plans shall indicate the financial and compliance audit areas to be covered and the scope of the particular audits involved. A report shall be submitted to the Deputy Minister at least annually on major findings and significant unresolved recommendations.
4. The head of the internal audit group shall report to the Deputy Minister or a senior executive reporting to the Deputy Minister, having the authority to ensure adequate consideration and effective action on the audit findings and recommendations. The

head of the internal audit group shall also be able to report significant matters to the Deputy Minister, where he considers that the Deputy's involvement is necessary.

## CONTROLS AND FINANCIAL SYSTEMS

### Internal Control

The Deputy Minister and his subordinates, including the Executive Director of Finance and Administration to whom he has delegated his authority for the financial administration are responsible for the establishment, evaluation and improvement of the system of internal control within the Ministry.

### A.D.P. Financial Systems

The Ministry must ensure that there is adequate control over the A.D.P. financial systems, and financial managers and internal auditors have important roles to play in this respect.

### Computerized Financial Systems (with Treasury Interfaces)

The senior financial management is responsible for ensuring that the computerized financial systems in use support the requirements of the central agencies as well as the Ministry.

The criteria for meeting these requirements include interfaces, controls, backup, data elements and edits. Particular emphasis should be placed in areas where:

- a) the processes lead to payments being made; or
- b) the processes lead to inputs into central accounts and other Treasury accounting, financial information and forecasting systems.



## FINANCIAL REPORTING

### Public Accounts

The senior financial management is expected to support the Treasurer by ensuring all the necessary financial information for Public Accounts purposes is provided annually. This includes the data which is published in the Ministry statements of expenditure and revenue and the data that is incorporated in statements of the Consolidated Revenue Fund and the miscellaneous statements. All information must be supplied according to prescribed timetables.

### Reporting to Central Agencies

For financial management, planning and control purposes at the overall government level, it is essential that particular financial information be assembled and reported on a consolidated basis. The Director of Finance and Administration must, therefore, ensure that all required inputs are provided in the proper form and in a timely manner.

### Reporting within the Ministry

The senior financial management is responsible for the design, preparation, evaluation and improvement of the financial reports produced and used within the Ministry. These reports are to support the objectives of effective financial management and control in the areas of planning, budgeting, information for management decision-making and performance measurement. Founded upon a cash-based system of accounting, comparability must be maintained between the information reported to Treasury, based on cash flow, and the internal Ministry reporting. The use of accrual and commitment accounting data in support of management decision-making and performance measurement is dependent upon this being of important material value within the Ministry.

## CLASSIFICATION OF ACCOUNTS

### General Accounting Classifications

The senior financial management is responsible for ensuring that all of the Ministry's financial transactions are consistently and uniformly classified according to the appropriate general accounting classifications: Expenditures, Disbursements, Charges, Revenue, Receipts, Credits.

### Detailed Classifications

#### Expenditures, Disbursements and Charges

The senior financial management is responsible for ensuring that, in addition to segregating payments by the general accounting classifications - Expenditures, Disbursements and Charges, transactions are also classified to identify:

- . the purpose of - what was it spent for?
- . the responsibility for - who spent it?
- . the nature of resources involved - what was it spent on?

Where specified from the corporate level, classification and account coding are to be carried out in the uniform manner prescribed to achieve the mandatory common language for meaningful aggregations or comparisons.

### Detailed Classifications

#### Revenue, Receipts, and Credits

The senior financial management is responsible for ensuring that, in addition to segregating money received and deposited into the general accounting classifications - Revenue, Receipts and Credits, it also classifies such transactions by "source".

## PAYMENT OF ACCOUNTS

### General

The senior management is responsible for ensuring that all requests for the payment of accounts, by requisitions drawn on the Consolidated Revenue Fund, are fully approved and that legally authorized appropriations are not exceeded. It shall also ensure that requirements are fully met in respect to the verification and approval of individual accounts and that documentation and submission procedures are properly followed.

All accounts shall be paid within 30 days, unless subject to protracted negotiations preventing acceptance. In overdue situations interest will be payable.

### Accountable Advance

Accountable Advance is authorized by the Treasurer of Ontario under Section 13 of the Financial Administration Act, 1980. This advance is made from the Consolidated Revenue Fund and is to be used solely for the purpose expressed in the request for advance. The Ministry is fully accountable to the Treasurer or his delegates for all transactions involving Accountable Advance, and any funds identified as surplus either by the Ministry or by the Financial Information and Accounting Policy Branch within the Office of the Treasury shall be repaid promptly. The Ministry shall establish a bank account for its Accountable Advance. This bank account should not be overdrawn at any time.

### Interim Payment Authority

The senior management is responsible to ensure that proper authorization is received and that appropriate use is made of the funds made available by the Treasurer of Ontario as interim payments out of the Consolidated Revenue Fund for goods or services charged to the Ministry where the charges are to be recovered from another Ministry.

### Assignment of Debts Owning by the Crown

The senior management is authorized to accept the assignment of debts owing by the Crown which qualify under the definition provided.

### Foreign Currency Payments

Payments to the Ministry's suppliers located outside Canada are to be made in the currency of the countries involved, unless it is stipulated to the contrary by the applicable contract or purchase agreement.

All payments made in foreign currencies should be recorded in the accounts, at the equivalent amount in Canadian funds; the applicable exchange rate at the time of the payment is to apply. Payments made in U.S. currency shall be recorded in the accounts at par.

### Payroll

The senior financial management is responsible for ensuring that all employees of the Ministry, whether regular, probationary or casual, are paid their authorized salaries and wages on the designated pay dates.

### Settlement of Crown Employees' Debts

As provided for under Section 26, of the Public Service Act, the Treasurer of Ontario may make payroll deductions in settlement of Crown employees' debts, where such employees have money owing to them out of the Consolidated Revenue Fund and pay these amounts as he sees fit to legitimate creditors. Additionally, under Section 27(3) of the Family Law Reform Act, a support order may be enforced by means of a garnishment direction. Support payments to dependants of Crown employees shall be automatically deducted from employees' earnings in accordance with the terms of the Court order or direction.

### Third Party Demands

A "Demand on Third Parties" is a particular document relating to debts owing to the Federal Government of Canada; such a demand may, under applicable legislation, be accepted by the Treasurer of Ontario and processed accordingly. The enabling legislation authorizing the acceptance is provided under Section 43(2) of the Financial Administration Act, R.S.O. 1980.

#### Deductions from Gross Pay of Employees

The senior financial management is responsible for ensuring that all authorized deductions including those in respect to employees' contributions to various benefit plans, are made from gross pay in an accurate and timely manner.

#### Cheque Cancellation

The senior financial management is responsible for ensuring that cheques requiring cancellation for good and valid reasons are acted upon promptly, in accordance with the prescribed rules. In addition, where it is necessary to re-issue any cheque, this shall only be done through the normal requisitioning processes.

### MONEY RECEIVED AND RECEIVABLE

#### Treasury Deposit System

All funds received on behalf of the Treasurer of Ontario must be deposited to the credit of the "Treasurer of Ontario", in bank accounts designated by the Financial Information and Accounting Policy Branch within the Office of the Treasury.

#### Returned Cheques

The Ministry must initiate recovery action against the original issuers of returned cheques and prepare all the accounting entries necessary. All amounts to be recovered in respect to returned cheques are accounts receivable.

#### Accounts Receivable

The senior financial management is responsible for ensuring that all funds, determined within the Ministry to be owing to the Province of Ontario, are recorded in appropriate accounting records. Such records are to be maintained under effective controls and the amounts owed are to be subjected to thorough and exhaustive collection efforts.

### Cost-Sharing Agreements

All proposed agreements relating to cost-sharing programs or projects between ministries and other governments are to be referred to the Treasurer of Ontario or his delegates within the Office of the Budget and Intergovernmental Finance, Ministry of Treasury and Economics and to the Minister of Intergovernmental Affairs or his delegates within the Office of Intergovernmental Affairs, Ministry of Intergovernmental Affairs. Such action is necessary regardless of whether a particular agreement requires approval by Management Board of Cabinet. All claims issued and outstanding as a result of such agreements are to be considered as, and treated like, any other accounts receivable.

### Uncollectable Accounts Receivable

The senior financial management is responsible for recommending write-off action in cases where accounts are deemed uncollectable. The Ministry must submit all accounts receivable determined to be uncollectable to the delegates of the Treasurer of Ontario within the Financial Information and Accounting Policy Branch, Office of the Treasury, for write-off action. These submissions are to be made on an annual basis, unless otherwise stipulated by the Office of the Treasury, and are to represent the results of ongoing reviews of all outstanding debts by Ministry officials. Where, in the Ministry's judgement, there are no uncollectable accounts receivable, a written certification to this effect must be filed with the Financial Information and Accounting Policy Branch annually.

## INTER AND INTRA-MINISTRY TRANSACTIONS

### Journal Entries

The senior financial management is responsible for ensuring that properly authorized journal entries are raised and accepted to cover inter and intra-ministry financial transactions. Journal entries for minor accounts are to be minimized and cheques are only issued in situations where the purchasing group involved does not use Treasurer of Ontario cheques for its normal payment process.

### Charge-Backs

The Ministry must ensure that the activities arising out of the government's various charge-back operations are handled promptly and efficiently and that the financial transfers involved are effected by journal entries for those purchasing groups which use Treasurer of Ontario cheques for their normal payments. Management Board must approve the application of the charge-back principle to each specific service-type operation.

### Employee Benefits - Ministry Contributions

The Province, as employer, is required to make regular contributions to a variety of plans or funds that exist for employee benefits purposes. Payments are in many instances directly related to the contributions made by employees through payroll deductions, e.g. on a matching or percentage basis in other cases, the payments reflect required actions by the Province as sole contributor.

Regardless of the particular basis, all such employer contributions are to be effected on a timely basis and properly accounted for by the Ministry. The senior financial management must ensure that the employer's share of all benefit expenditures is properly allocated to the programs and activities involved.

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